

By: Montford

S J.R. No. 44

SENATE

A JOINT RESOLUTION

1 proposing a constitutional amendment to eliminate certain time  
2 limitations relating to the issuance of Texas agricultural water  
3 conservation bonds.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Article III, Section 50-d(e), of the Texas  
6 Constitution is repealed.

7 SECTION 2. This proposed constitutional amendment shall be  
8 submitted to the voters at an election to be held on November 7,  
9 1989. The ballot shall be printed to provide for voting for or  
10 against the proposition: "The constitutional amendment to  
11 eliminate certain time limitations relating to the issuance of  
12 Texas agricultural water conservation bonds."

5-20-89 3-28-89  
4-3-89

1 By: Montford S.J.R. No. 44  
2 (In the Senate - Filed March 9, 1989; March 13, 1989, read  
3 first time and referred to Committee on Natural Resources;  
4 March 28, 1989, reported favorably by the following vote: Yeas 9,  
5 Nays 0; March 28, 1989, sent to printer.)

6 COMMITTEE VOTE

	Yea	Nay	PNV	Absent
7 Santiesteban	x			
8 Lyon	x			
9 Armbrister	x			
10 Bivins	x			
11 Brown				x
12 Carriker	x			
13 Montford	x			
14 Ratliff	x			
15 Sims	x			
16 Uribe	x			
17 Zaffirini				x

19 SENATE JOINT RESOLUTION

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30 eliminate certain time limitations relating to the issuance of  
31 Texas agricultural water conservation bonds."

32 \* \* \* \* \*

33 Austin, Texas  
34 March 28, 1989

35 Hon. William P. Hobby  
36 President of the Senate

37 Sir:

38 We, your Committee on Natural Resources to which was referred  
39 S.J.R. No. 44, have had the same under consideration, and I am  
40 instructed to report it back to the Senate with the recommendation  
41 that it do pass and be printed.

42 Santiesteban, Chairman

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

March 22, 1989

TO: Honorable H. Tati Santiesteban, Chairman  
Committee on Natural Resources  
Senate Chamber  
Austin, Texas

In Re: Senate Joint  
Resolution No. 44  
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 44 (proposing a constitutional amendment to eliminate certain time limitations relating to the issuance of Texas agricultural water conservation bonds) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would eliminate a constitutional provision that causes the expiration of the constitutional authorization for the issuance of up to \$200 million of general obligation agricultural water conservation bonds by the Water Development Board. The proposed amendment would be submitted to the voters on November 7, 1989. The cost of publication of the resolution to the State is estimated to be \$60,000.

Section 50-d of the constitution, which authorizes these bonds, now contains a provision that prevents any bonds from being sold on or after the fourth anniversary of adoption of the amendment adding Section 50-d to the constitution. The fourth anniversary date is November 5, 1989.

Legislation, such as Senate Bill No. 1117, would be needed to provide statutory authority for the actual issuance of the bonds which could be authorized by the voters pursuant to this resolution.

Senate Bill No. 1117 would authorize the issuance of Texas Agricultural Water Conservation Bonds in an amount not to exceed \$200 million by the Water Development Board, as follows.

The bill would require bond proceeds to be placed in the Agricultural Water Conservation Fund in the state treasury. The bill would authorize bond proceeds to be used to make loans for specified types of agricultural water conservation projects. The bill would authorize loans to be made to certain districts or authorities created under Article III, Sections 52(b)(1) and (2) or Article XVI of the Texas Constitution, as well as soil and water conservation districts, underground water conservation districts and irrigation water supply districts. The bill would provide for certain types of districts to use the loan proceeds for their own district facilities and it would provide authorization for certain types of districts to lend out loan funds to individual borrowers.

The bill would provide for the State to guarantee to each district acting as a lender that the State would assume and pay 50 percent of the amount due after all collateral has been liquidated if an individual borrower defaults on a conversation loan.

Although the bill would authorize a bond-funded loan program which, in all likelihood, would provide an adequate revenue stream to meet debt service payments on the bonds, the bill would pledge the first monies coming into the treasury which are not otherwise appropriated by the constitution toward debt service, to the extent necessary.

The bill does not specify a schedule for debt issuance, therefore, an estimate of annual debt service has not been provided. As an indication of potential debt service levels, the issuance of the entire \$200 million in bonds in fiscal year 1990 would result in annual debt service payments of approximately \$17,000,000 assuming a 7.6 percent interest rate.

Based on estimates that there would be total demand for \$100,000,000 in loan funds by prospective borrowers from fiscal years 1990-1994 the bill would

present the Water Development Board with the need for 5.5 additional employees and the associated administrative costs shown below.

Units of local government (districts) borrowing bond proceeds for their own projects would experience interest rate reductions of approximately two percentage points due to state financial assistance.

Districts borrowing bond funds to act as a lender to individuals would experience administrative costs in making loans and they would be authorized by the bill to charge application fees to recoup those costs. Lender districts would share equally with the State in exposure to the risk of defaults by individual borrowers.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Texas Water Development Board Administrative Costs Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$220,009	+5.5
1991	342,318	+5.5
1992	342,318	+5.5
1993	259,819	+5.5
1994	259,819	+5.5

Similar annual costs would continue as long as the provisions of the bill are in effect.

Source: Bond Review Board; Water Development Board;  
LBB Staff: JO, JWH, AL, WRC, LV

# SENATE FAVORABLE COMMITTEE REPORT

Lt. Governor William P. Hobby  
President of the Senate

<sup>28</sup>  
3-22-89 3:08pm  
(date)/(time)

Sir:

We, your Committee on NATURAL RESOURCES to which was referred  
SJR 44 by Montford have on March 22, 1989, had the same  
(measure) (sponsor) (hearing date)

under consideration and I am instructed to report it back with the recommendation (s) that it

- ☒ do pass and be printed  
☐ do pass and be ordered not printed  
☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☐ yes ☐ no

A revised fiscal note was requested. ☐ yes ☐ no

An actuarial analysis was requested. ☐ yes ☐ no

Considered by subcommittee. ☐ yes ☐ no

Senate Sponsor of House Measure \_\_\_\_\_

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Santiesteban, Chairman	<input checked="" type="checkbox"/>			
Lyon, Vice Chairman	<input checked="" type="checkbox"/>			
Armbrister	<input checked="" type="checkbox"/>			
Bivins	<input checked="" type="checkbox"/>			
Brown	<input type="checkbox"/>			
Carriker	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Montford	<input checked="" type="checkbox"/>			
Ratliff	<input checked="" type="checkbox"/>			
Sims	<input checked="" type="checkbox"/>			
Uribe	<input checked="" type="checkbox"/>			
Zaffirini	<input type="checkbox"/>			<input checked="" type="checkbox"/>
TOTAL VOTES	<u>9</u>			<u>2</u>

Greg M. Clement  
COMMITTEE CLERK

[Signature]  
CHAIRMAN

*April 3 1989* Engrossed  
*Daisy Spaw*  
Engrossing Clerk

I certify that the attached is a true and correct  
copy of **SJR 44** which was

received from the Senate **APR 3 - 1989** and  
referred to the Committee on **Natural Resources**

*Bertie M. ...*  
Chief Clerk of the House

By: Montford  
(Smith of Travis)

S.J.R. No. 44

SENATE JOINT RESOLUTION

proposing a constitutional amendment to eliminate certain time  
limitations relating to the issuance of Texas agricultural water  
conservation bonds.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III, Section 50-d(e), of the Texas  
Constitution is repealed.

SECTION 2. This proposed constitutional amendment shall be  
submitted to the voters at an election to be held on November 7,  
1989. The ballot shall be printed to provide for voting for or  
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# LEGISLATIVE BUDGET BOARD

Austin, Texas

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Senate Chamber  
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By: Montford

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LBB Staff: JO, JWH, AL, WRC, LV

# HOUSE COMMITTEE REPORT

1st Printing

89 MAR 21 AM 12:43  
H. J. R. NO. 44

By: Montford

S.J.R. No. 44

(Smith of Travis)

## SENATE JOINT RESOLUTION

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COMMITTEE REPORT

The Honorable Gib Lewis  
Speaker of the House of Representatives

4-19-89

(date)

Sir:

We, your COMMITTEE ON NATURAL RESOURCES,

to whom was referred SJR 44 have had the same under consideration and beg to report  
(measure)  
back with the recommendation that it

☒ do pass, without amendment.  
☐ do pass, with amendment(s).  
☐ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. ☒ yes ☐ no An actuarial analysis was requested. ☐ yes ☒ no

An author's fiscal statement was requested. ☐ yes ☒ no

A criminal justice policy impact statement was prepared. ☐ yes ☒ no

A water development policy impact statement was requested. ☐ yes ☒ no

☐ The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars for placement on the ☐ Local, ☐ Consent, or ☐ Resolutions Calendar.

This measure ☐ proposes new law. ☐ amends existing law.

House Sponsor of Senate Measure TERRAL SMITH

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Smith, T., Ch.	X			
Willy, V.C.	X			
Collazo, C.B.O.				X
Culberson	X			
Holzheuser				X
Junell	X			
Swift	X			
Wentworth	X			
Yost	X			

Total  
7 aye  
0 nay  
0 present, not voting  
2 absent

1

Terral Smith  
CHAIRMAN  
Deborah K. Wall  
COMMITTEE COORDINATOR

SJR 44

By: Montford

Committee on  
Natural Resources

(Smith of Travis)

## BILL ANALYSIS

### Background

Present constitutional provisions cause the expiration of authorization for issuance of agricultural water conservation bonds on the fourth anniversary of adoption of the amendment authorizing the bonds. The fourth anniversary date is November 5, 1989.

### Purpose of the Bill

The purpose of this resolution is to propose a constitutional amendment which would eliminate the time constraints on issuing these bonds.

### Section by Section Analysis

Section 1. Repeals Article III, Section 50-d(e) of the Texas Constitution.

Section 2. Provides for an election on the proposed amendment.

### Rulemaking Authority

It is the opinion of this committee that this bill does not delegate rulemaking authority to any state agency, officer, department, or institution.

### Summary of Committee Action

SJR 44 was considered in a public hearing on April 19, 1989. Testifying for the bill were A. Wayne Wyatt, manager of the High Plains Underground Water Conservation District No. 1 and Attorney Dan McNamara, representing the Sierra Club. The motion to report SJR 44 back to the Full House favorably prevailed by the vote of 7 ayes, 0 nays, 0 PNV and 2 absent.

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

April 17, 1989

TO: Honorable Terral Smith, Chair  
Committee on Natural Resources  
House of Representatives  
Austin, Texas

In Re: Senate Joint Resolution  
No. 44, as engrossed  
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 44, as engrossed (proposing a constitutional amendment to eliminate certain time limitations relating to the issuance of Texas agricultural water conservation bonds) this office has determined the following:

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Based on estimates that there would be total demand for \$100,000,000 in loan funds by prospective borrowers from fiscal years 1990-1994, the bill would

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Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Bond Review Board; Water Development Board;  
LBB Staff: JO, JWH, AL, WRC, BL

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

March 22, 1989

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Senate Chamber  
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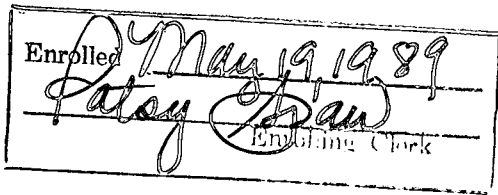
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S.J.R. No. 44

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.J.R. No. 44 was adopted by the Senate on April 3, 1989, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.J.R. No. 44 was adopted by the House on May 18, 1989, by the following vote: Yeas 142, Nays 0.

\_\_\_\_\_  
Chief Clerk of the House

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

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TO: Honorable Terral Smith, Chair  
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By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 44 (proposing a constitutional amendment to eliminate certain time limitations relating to the issuance of Texas agricultural water conservation bonds) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would eliminate a constitutional provision that causes the expiration of the constitutional authorization for the issuance of up to \$200 million of general obligation agricultural water conservation bonds by the Water Development Board. The proposed amendment would be submitted to the voters on November 7, 1989. The cost of publication of the resolution to the State is estimated to be \$60,000.

Section 50-d of the constitution, which authorizes these bonds, now contains a provision that prevents any bonds from being sold on or after the fourth anniversary of adoption of the amendment adding Section 50-d to the constitution. The fourth anniversary date is November 5, 1989.

Legislation, such as Senate Bill No. 1117, would be needed to provide statutory authority for the actual issuance of the bonds which could be authorized by the voters pursuant to this resolution.

Senate Bill No. 1117 would authorize the issuance of Texas Agricultural Water Conservation Bonds in an amount not to exceed \$200 million by the Water Development Board, as follows.

The bill would require bond proceeds to be placed in the Agricultural Water Conservation Fund in the state treasury. The bill would authorize bond proceeds to be used to make loans for specified types of agricultural water conservation projects. The bill would authorize loans to be made to certain districts or authorities created under Article III, Sections 52(b)(1) and (2) or Article XVI of the Texas Constitution, as well as soil and water conservation districts, underground water conservation districts and irrigation water supply districts. The bill would provide for certain types of districts to use the loan proceeds for their own district facilities and it would provide authorization for certain types of districts to lend out loan funds to individual borrowers.

The bill would provide for the State to guarantee to each district acting as a lender that the State would assume and pay 50 percent of the amount due after all collateral has been liquidated if an individual borrower defaults on a conversation loan.

Although the bill would authorize a bond-funded loan program which, in all likelihood, would provide an adequate revenue stream to meet debt service payments on the bonds, the bill would pledge the first monies coming into the treasury which are not otherwise appropriated by the constitution toward debt service, to the extent necessary.

The bill does not specify a schedule for debt issuance, therefore, an estimate of annual debt service has not been provided. As an indication of potential debt service levels, the issuance of the entire \$200 million in bonds in fiscal year 1990 would result in annual debt service payments of approximately \$17,000,000 assuming a 7.6 percent interest rate.

Based on estimates that there would be total demand for \$100,000,000 in loan funds by prospective borrowers from fiscal years 1990-1994 the bill would

present the Water Development Board with the need for 5.5 additional employees and the associated administrative costs shown below.

Units of local government (districts) borrowing bond proceeds for their own projects would experience interest rate reductions of approximately two percentage points due to state financial assistance.

Districts borrowing bond funds to act as a lender to individuals would experience administrative costs in making loans and they would be authorized by the bill to charge application fees to recoup those costs. Lender districts would share equally with the State in exposure to the risk of defaults by individual borrowers.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Texas Water Development Board Administrative Costs Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$220,009	+5.5
1991	342,318	+5.5
1992	342,318	+5.5
1993	259,819	+5.5
1994	259,819	+5.5

Similar annual costs would continue as long as the provisions of the bill are in effect.

Source: Bond Review Board; Water Development Board;  
LBB Staff: JO, JWH, AL, WRC, LV

S.J.R. No. 44

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.J.R. No. 44 (1) was adopted by the  
Senate on April 3 (2), 1987, by the following vote:  
Yeas 31 (3), Nays 0 (4).

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.J.R. No. 44 (1) was adopted by the  
House on May 18 (5), 1987, by the following vote:  
Yeas 142 (6), Nays 0 (7).

\_\_\_\_\_  
Chief Clerk of the House

S. J. R. No. 44

By Munford

# SENATE JOINT RESOLUTION

proposing a constitutional amendment to eliminate certain time limitations relating to the issuance of Texas agricultural water conservation bonds.

3-9-89 Filed with the Secretary of the Senate  
MAR 13 1989 Read and referred to Committee on NATURAL RESOURCES  
MAR 28 1989 Reported favorably \_\_\_\_\_  
\_\_\_\_\_  
Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.  
\_\_\_\_\_  
Ordered not printed  
\_\_\_\_\_  
Laid before the Senate  
APR 3 1989 Senate and Constitutional Rules to permit consideration suspended by: { unanimous consent  
\_\_\_\_\_, \_\_\_\_\_ yeas, \_\_\_\_\_ nays  
APR 3 1989 Read second time, \_\_\_\_\_, and ordered engrossed by: { unanimous consent  
a viva voce vote  
\_\_\_\_\_, \_\_\_\_\_ yeas, \_\_\_\_\_ nays  
\_\_\_\_\_  
Caption ordered amended to conform to the body of the bill.  
APR 3 1989 Senate and Constitutional 3 Day Rule suspended by a vote of 30 yeas, 1 nays.  
APR 3 1989 Read third time, \_\_\_\_\_, and passed by 31 yeas, 0 nays.

**SECRETARY OF THE SENATE**

**OTHER ACTION:**

April 3, 1989  
 Engrossed  
 April 3, 1989  
 Sent to House  
 Latsy Spaw  
 Engrossing Clerk

APR 5 1989 Received from the Senate

APR 8 1989 Read first time and referred to Committee on Natural Resources

APR 19 1989 Reported favorably ~~amended~~, sent to Printer 8:30pm

APR 21 1989 Printed and Distributed 12:45pm APR 20 1989

APR 21 1989 Sent to Committee on Calendars 10:41am

MAY 18 1989 Read second time (~~amended~~) and finally adopted  
failed adoption by Record Vote of 142 yeas, 0 nays, 0 present not voting.

Read third time (amended) and finally adopted  
failed adoption by a Record Vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present not voting.

Caption ordered amended to conform to body of resolution

MAY 19 1989 Returned to Senate.

**CHIEF CLERK OF THE HOUSE**

**MAY 19 1989**

**Returned from House without amendment.**

**Returned from House with \_\_\_\_\_ amendments.**

Concurred in House amendments by a viva voce vote \_\_\_\_\_ yeas, \_\_\_\_\_ nays.

\_\_\_\_\_ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

\_\_\_\_\_ Senate conferees instructed.

\_\_\_\_\_ Senate conferees appointed: \_\_\_\_\_, Chairman; \_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_

\_\_\_\_\_ House granted Senate request. House conferees appointed: \_\_\_\_\_, Chairman;  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_ Conference Committee Report read and filed with the Secretary of the Senate.

\_\_\_\_\_ Conference Committee Report adopted on the part of the House by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

\_\_\_\_\_ Conference Committee Report adopted on the part of the Senate by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

**OTHER ACTION:**

\_\_\_\_\_ Recommitted to Conference Committee

\_\_\_\_\_ Conferees discharged

\_\_\_\_\_ Conference Committee Report failed of adoption by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

89 APR 21 AM 12:45

U.S. HOUSE OF REPRESENTATIVES